

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1708
ANSWERED ON:10.12.2004
INCOME AND ASSETS OF BANKS
Sen Smt. Minati

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made an indepth assessment of income and assets of the State-owned banking sector;
- (b) whether the Government on a sentinel introduced various prudential norms (Income, Recognition, Asset Clarification, Capital Adequacy, etc.)
- (c) whether the Banking Sector is to go through a cluster of programmes - Adequate capital structure, Sound Accounting Policy, Transparency, Professional Management, Independent Board, strong regulatory framework, Sound Risk Management Policy, upgrading skills, competence, etc.
- (d) if so, whether these systems are adopted by Government to make the Banking Sector stronger and more stable;
- (e) whether the banking Sector is to incur 30 percent to 40 percent of their budget every year on computers in addition to financial agreement with hardware & Software vender annually;
- (f) whether the sector continues to bear the legal costs for unrealized amounts; and
- (g) if so, whether the Government is to minimize the expension by adopting other norms?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) The performance of public sector banks is reviewed on a continued basis on all aspects of their operations including income and assets.
- (b) Reserve Bank of India introduced prudential norms on income recognition, asset classification and provisioning requirement w.e.f. April, 1992.
- (c) Yes, Sir.
- (d) These systems are adopted by RBE to make the banking sector stronger and more stable.
- (e) Each bank has its own plan and budget for adoption and use of Information Technology.
- (f) Legal expenses for recovery of loans is incurred by the banks initially but recovered from the borrower at the time of final settlement.
- (g) Does not arise.